

TOWN OF DAVIE TOWN COUNCIL AGENDA REPORT

TO: Mayor and Councilmembers

FROM/PHONE: William W. Ackerman, CPA, Budget & Finance Director/797-1050

PREPARED BY: Adam Levinson, Klausner & Kaufman

SUBJECT: Ordinance

AFFECTED DISTRICT: N/A

ITEM REQUEST: **Schedule for Council Meeting**

TITLE OF AGENDA ITEM: AGREEMENT AMENDMENT - AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA, AMENDING THE TOWN OF DAVIE FIREFIGHTERS PENSION TRUST FUND TO ADOPT THE PENSION PROVISIONS OF THE 2008 - 2011 FIREFIGHTER COLLECTIVE BARGAINING AGREEMENT; AMENDING SECTION FOURTEEN OF THE PLAN TO PROVIDE FOR A FIVE YEAR DROP WITH DECLINING ELIGIBILITY FOLLOWING THE FIRST DAY OF A MEMBER'S TWENTY-SIXTH (26th) YEAR OF EMPLOYMENT; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER; AND PROVIDING FOR AN EFFECTIVE DATE.

REPORT IN BRIEF: This ordinance would implement the pension amendment contained in the most recent firefighter collective bargaining agreement. The ordinance amends the DROP to allow a maximum of five years of DROP participation for all firefighters with up to twenty-five (25) years of service. A member will lose one month of DROP eligibility for every month that a member delays entry into the DROP, following the first day of their twenty-sixth year of employment.

PREVIOUS ACTIONS: Town Council previously approved resolution R-2009-061 on March 4, 2009 approving the IAFF Collective Bargaining Agreement.

CONCURRENCES: The Town's pension attorney has reviewed the attached ordinance.

FISCAL IMPACT: Yes

Has request been budgeted? n/a

If yes, expected cost: \$

Account name and number:

If no, amount needed: \$

What account name and number will funds be appropriated from:

Additional Comments: Actuarial impact statement projects adoption of this amendment would reduce the annual minimum Town required contributions by \$188,808 per year.

RECOMMENDATION(S): Motion to approve resolution

Attachment(s):

Ordinance

Letter from Klausner & Kaufman

Impact Statement from Dulaney and Company

Email from Glenn Thomas

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA, AMENDING THE TOWN OF DAVIE FIREFIGHTERS PENSION TRUST FUND TO ADOPT THE PENSION PROVISIONS OF THE 2008 - 2011 FIREFIGHTER COLLECTIVE BARGAINING AGREEMENT; AMENDING SECTION FOURTEEN OF THE PLAN TO PROVIDE FOR A FIVE YEAR DROP WITH DECLINING ELIGIBILITY FOLLOWING THE FIRST DAY OF A MEMBER'S TWENTY-SIXTH (26th) YEAR OF EMPLOYMENT; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Town Council of the Town of Davie has previously adopted Ordinance 98-47 amending and restating the pension plan for firefighters;

WHEREAS, the Town and The Professional Firefighters, Local 2315 ratified a Collective Bargaining Agreement for October 1, 2008 - September 30, 2011 (hereinafter the "CBA");

WHEREAS, the Firefighter Pension Board has recommended adoption of this ordinance; and

WHEREAS, it is necessary to amend the Pension Plan to effectuate the Collective Bargaining Agreement provisions;

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA, THAT:

Section 1: Section 14 of the Town of Davie Firefighters Pension Trust Fund is hereby amended to read as follows:

SECTION FOURTEEN. DEFERRED RETIREMENT OPTION PLAN.

B. Eligibility.

2. ~~The maximum DROP participation period shall be five (5) years commencing at the earliest date of eligibility. The available DROP participation period shall decline by one month until the expiration of a sixty (60) month period beginning at eligibility date. Effective October 1, 2002, the maximum period of DROP participation shall be increased by one (1) year to a maximum participation period~~

~~of six (6) years for all members of the Pension Plan and existing DROP participants.~~ The maximum period of DROP participation shall be five (5) years for all members entering into the DROP after June 21, 2007. The earliest date of eligibility for entry into the DROP will begin on the first day of a member's twenty-first (21st) year of employment. The maximum DROP participation period shall decline by one month, for every month that a member delays entry into the DROP following the first day of a member's twenty-sixth (26th) year of employment.

Section 2: If any clause, section, or other part or application of this Ordinance shall be held in any court of competent jurisdiction to be unconstitutional or invalid, such unconstitutional or invalid part or application shall be considered as eliminated and shall not affect the validity of the remaining portions or applications which shall remain in full force and effect.

Section 3: All ordinances or parts of ordinances, resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Section 4: This Ordinance shall become immediately upon adoption, unless otherwise provided.

PASSED on first reading by the Town Council of the Town of Davie, Florida, this ____ day of _____, 2009.

PASSED AND ADOPTED on the second reading by the Town Council of the Town of Davie, Florida, this ____ day of _____, 2009.

MAYOR/COUNCILMEMBER

Attest:

Town Clerk

APPROVED THIS ____ DAY OF _____, 2009

Coding: Words in stricken type are deletions from existing text.
Words in underline type are additions.

{00025491.RTF;1}



Klausner & Kaufman
PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW

Writer's e-mail: adam@robertdklausner.com

August 28, 2009

Gary Shimun, Town Administrator
Town of Davie
6591 Orange Drive
Davie, FL 33314

Re: --- Davie Fire Pension Fund
Our File No. 90-0336

Dear Mr. Shimun:

Undersigned counsel represents the Board of Trustees of the Town of Davie Fire Pension Plan. Enclosed for placement on a future Town Council agenda is a firefighter pension ordinance. The firefighter pension ordinance would implement the pension amendment contained in the most recent firefighter collective bargaining agreement.

The sole pension provision contained in the 2008 - 2011 firefighter contract amends the DROP to allow a maximum of five years of DROP participation for all firefighters with up to twenty-five (25) of service. A member will lose one month of DROP eligibility for every month that a member delays entry into the DROP, following the first day of their twenty-sixth year of employment.

According to the plan's actuary, this amendment will generate actuarial savings for the Town. A copy of the impact statement is enclosed.

10059 NORTHWEST 1ST COURT, PLANTATION, FLORIDA 33324

PHONE: (954) 916-1202 • FAX: (954) 916-1232
www.robertdklausner.com



August 28, 2009

Page 2

Feel free to contact our office or the plan's actuary with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam P. Levinson".

ADAM P. LEVINSON

APL:ldm

cc: Scott Mogavero, Chairman
Livia Nixon, Administrator
Don DuLaney, Actuary
Ben Trapani, Union President
Barbara Dupre, HR Director
William Ackerman, Finance Director

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA, AMENDING THE TOWN OF DAVIE FIREFIGHTERS PENSION TRUST FUND TO ADOPT THE PENSION PROVISIONS OF THE 2008 - 2011 FIREFIGHTER COLLECTIVE BARGAINING AGREEMENT; AMENDING SECTION FOURTEEN OF THE PLAN TO PROVIDE FOR A FIVE YEAR DROP WITH DECLINING ELIGIBILITY AFTER TWENTY-SIX YEARS OF SERVICE; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Town Council of the Town of Davie has previously adopted Ordinance 98-47 amending and restating the pension plan for firefighters;

WHEREAS, the Town and The Professional Firefighters, Local 2315 ratified a Collective Bargaining Agreement for October 1, 2008 - September 30, 2011 (hereinafter the "CBA");

WHEREAS, the Firefighter Pension Board has recommended adoption of this ordinance; and

WHEREAS, it is necessary to amend the Pension Plan to effectuate the Collective Bargaining Agreement provisions;

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA, THAT:

Section 1: Section 14 of the Town of Davie Firefighters Pension Trust Fund is hereby amended to read as follows:

SECTION FOURTEEN. DEFERRED RETIREMENT OPTION PLAN.

B. Eligibility.

2. ~~The maximum DROP participation period shall be five (5) years commencing at the earliest date of eligibility. The available DROP participation period shall decline by one month until the expiration of a sixty (60) month period beginning at eligibility date. Effective October~~

~~1, 2002, the maximum period of DROP participation shall be increased by one (1) year to a maximum participation period of six (6) years for all members of the Pension Plan and existing DROP participants. The maximum period of DROP participation shall be five (5) years for all members entering into the DROP after June 21, 2007. The earliest date of eligibility for entry into the DROP will begin on the first day of a member's twenty-first (21st) year of employment. The maximum DROP participation period shall decline by one month, for every month that a member delays entry into the DROP following the first day of a member's twenty-sixth (26th) year of employment.~~

Section 2: If any clause, section, or other part or application of this Ordinance shall be held in any court of competent jurisdiction to be unconstitutional or invalid, such unconstitutional or invalid part or application shall be considered as eliminated and shall not affect the validity of the remaining portions or applications which shall remain in full force and effect.

Section 3: All ordinances or parts of ordinances, resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Section 4: This Ordinance shall become immediately upon adoption, unless otherwise provided.

PASSED on first reading by the Town Council of the Town of Davie, Florida, this ____ day of _____, 2009.

PASSED AND ADOPTED on the second reading by the Town Council of the Town of Davie, Florida, this ____ day of _____, 2009.

MAYOR

VICE MAYOR

Attest:

City Clerk

Coding: Words in stricken type are deletions from existing text.
Words in underline type are additions.



Scott
10691 N. Kendall Drive
Suite 310
Miami, Florida 33176

Office: (305) 274-9971
Toll Free: 1-866-322-9971
Fax: (305) 274-9941

August 26, 2009

Mr. Pete Prior
Benefits USA, Inc.
3810 Inverrary Boulevard
Suite 302
Lauderhill, FL 33319

**Subject: Town of Davie Firefighters' Pension Plan
Actuarial Impact Statement for Plan Amendment as of October 1, 2008**

Dear Pete:

We are pleased to enclose an Actuarial Impact Statement in support of the amendment of the Town of Davie Firefighters' Pension Plan based on the October 1, 2008 census and financial data. The Actuarial Impact Statement is for the implementation of the remaining required minimum benefits mandated by Florida Statute Chapter 175 and covers the following changes:

- Allow a member to enter the Deferred Retirement Option Plan (DROP) anytime after the completion of 20 years of Credited Service, with a maximum participation period of five (5) years. The total years of Credited Service plus DROP participation cannot exceed 30. Currently, a member can participate in the DROP for a maximum of five (5) years, with the participation period reduced by one (1) month for each month the member enters the DROP after the eligibility date of completion of 20 years of Credited Service.

The results of our calculations indicate that the proposed amendment would reduce the annual minimum Town required contributions by **\$188,808** (1.9% of covered pay) per year, primarily due the anticipated delayed DROP entries of the members allowed under the proposed amendment.

Mr. Pete Prior
August 26, 2009
Page 2

We have prepared the Actuarial Impact Statement for filing with the State of Florida. Please note that this Statement must be signed and dated on behalf of the Board of Trustees. A copy of the proposed ordinance upon passage at the first reading along with this Actuarial Impact Statement should be submitted to the State at the following addresses:

Mr. Douglas Beckendorf, A.S.A.
Division of Retirement
P.O. Box 9000
Tallahassee, FL 32315-9000

Ms. Patricia Shoemaker
Section Chief
Municipal Police and Fire
P.O. Box 3010
Tallahassee, FL 32315-3010

Please note that State laws require revised funding no later than the fiscal year following the effective date of the changes provided under the ordinance. Please forward a copy of the ordinance upon passage at second reading to update our files.

We have prepared this Impact Statement based upon the October 1, 2008 census data utilized for the October 1, 2008 Actuarial Valuation. The methods and assumptions used in the calculations are the same as those utilized for the October 1, 2008 Actuarial Valuation, other than the revised assumed retirement rates to reflect the proposed plan provisions which would allow delayed entry into the DROP.

If you should have any question concerning the above, please do not hesitate to contact us.

Sincerely,



Donald A. DuLaney Jr., A.S.A.
Senior Consulting Actuary

DAD:l

Enclosures

cc: Mr. Scott Mogavero, with enclosures
Adam Levinson, Esq., with enclosures

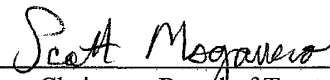
TOWN OF DAVIE FIREFIGHTERS' PENSION PLANActuarial Impact Statement

A. Description of Plan Amendment (see attached)

Allow a member to enter the Deferred Retirement Option Plan (DROP) anytime after the completion of 20 years of Credited Service, with a maximum participation period of five (5) years. The total years of Credited Service plus DROP participation cannot exceed 30. Currently, a member can participate in the DROP for a maximum of five (5) years, with the participation period reduced by one (1) month for each month the member enters the DROP after the eligibility date of completion of 20 years of Credited Service.

B. An estimate of the cost of implementing this amendment – see below and the attachment.

C. In my opinion, the proposed changes are in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the State Constitution.



Chairman, Board of Trustees

8-27-09

Date

D

Table I

TOWN OF DAVIE FIREFIGHTERS' PENSION PLAN**Actuarial Impact Statement as of October 1, 2008**

	Current Plan 10/01/2008	Proposed Plan 10/01/2008
A. <u>Participant Data</u>		
1. Active participants	126	126
2. Retired participants and beneficiaries receiving benefits	40	40
3. DROP participants	4	4
4. Disabled participants receiving benefits	6	6
5. Terminated vested participants	0	0
6. Total participants	176	176
7. Annual payroll of active participants	\$ 10,131,283	\$ 10,131,283
8. Annual benefits payable to those currently receiving benefits	\$ 1,520,787	\$ 1,520,787
9. Annual benefits payable to DROP participants	\$ 169,467	\$ 169,467
B. <u>Assets</u>		
1. Actuarial Value	\$ 30,964,790	\$ 30,964,790
2. Market Value	\$ 27,590,692	\$ 27,590,692
C. <u>Liabilities</u>		
1. Actuarial present value of future expected benefit payments for active members		
a. Age retirement benefits	\$ 50,757,413	\$ 50,210,357
b. Vesting benefits	1,898,012	1,898,012
c. Death benefits	667,101	819,442
d. Disability benefits	870,247	1,046,889
e. Total	\$ 54,192,773	\$ 53,974,700
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 0	\$ 0
3. Actuarial present value of future expected benefit payments for those receiving benefits		
a. Service retired	\$ 14,597,756	\$ 14,597,756
b. DROP participants	1,871,557	1,871,557
c. Disability retired	1,500,649	1,500,649
d. Beneficiaries	0	0
e. Total	\$ 17,969,962	\$ 17,969,962

D

Table I
(continued two)

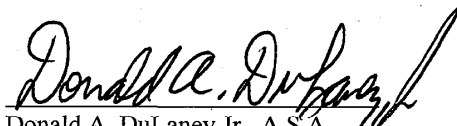
	Current Plan 10/01/2008	Proposed Plan 10/01/2008
4. Total actuarial present value of future expected benefit payments	\$ 72,162,735	\$ 71,944,662
5. Actuarial accrued liabilities	\$ 47,767,502	\$ 46,208,015
6. Unfunded actuarial accrued liabilities	\$ 16,802,712	\$ 15,243,225
D. <u>Statement of Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated vested plan benefits		
a. Participants currently receiving benefits	\$ 16,098,405	\$ 16,098,405
b. DROP participants	1,871,557	1,871,557
c. Other participants	17,823,709	16,924,866
d. Total	\$ 35,793,671	\$ 34,894,828
2. Actuarial present value of accumulated non-vested plan benefits	1,713,813	1,681,458
3. Total actuarial present value of accumulated plan benefits	\$ 37,507,484	\$ 36,576,286
E. <u>Pension Cost</u>		
1. Total normal cost including expenses	\$ 3,199,847	\$ 3,154,027
2. Payment required to amortize unfunded liability	1,511,687	1,377,943
3. Total required contribution (including interest)	\$ 4,965,257	\$ 4,776,449
4. Item 3 as a percentage of payroll	49.0%	47.1%
5. Estimated employee contributions	\$ 851,028	\$ 851,028
6. Item 5 as a percentage of payroll	8.4%	8.4%
7. Estimated State contributions*	\$ 644,681	\$ 644,681
8. Item 7 as a percentage of payroll	6.4%	6.4%
9. Net amount payable by Town	\$ 3,469,548	\$ 3,280,740
10. Item 9 as a percentage of payroll	34.2%	32.4%

D

Table I
(continued three)

	Current Plan <u>10/01/2008</u>	Proposed Plan <u>10/01/2008</u>
F. <u>Disclosure of Following Items:</u>		
1. Actuarial present value of future salaries - attained age	\$ 85,696,170	\$ 96,136,056
2. Actuarial present value of future employee contributions - attained age	\$ 7,198,478	\$ 8,075,429
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 3,600,915	\$ 3,600,915
5. Actuarial present value of future salaries and future benefits at entry age	Not provided by software	
6. Actuarial present value of future employee contributions at entry age	Not provided by software	

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise provided for in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.


Donald A. DuLaney Jr., A.S.A.
Senior Consulting Actuary

8/26/09
Date

08-4191
Enrollment Number

D

TABLE II

TOWN OF DAVIE FIREFIGHTERS' PENSION PLAN**Outline of Principal Provisions of the Plan**1. Effective Date

December 19, 1973, revised and amended as of October 1, 1982 as Resolution R-82-107. Subsequent amendments were made in 1990, 1994, 2000, and 2005. The most recent changes reflected are those mandated by the 2005 – 2008 Collective Bargaining Agreement, as amended by Ordinance 2008-24.

2. Eligibility Requirements

- a. Participants in previous retirement plan as of 10/1/82 are automatically and immediately included.
- b. Participation (with satisfactory physical) upon date of hire or attainment of age 18, if later.

3. Credited Service

Uninterrupted service in years and completed months from date of hire to date of retirement or termination. A member may buy back up to four (4) years of total prior military and firefighter service with any state, municipal or federal agency. The member must pay the fund the actuarial equivalent cost of the buy back.

4. Basic Compensation

Basic wages paid to an employee, regular longevity pay, and educational incentive pay, but excluding bonuses, commissions, and all other forms of extraordinary compensation. Payments for unused leave time (vacation, sick leave, compensatory leave, etc.) are not included in pensionable compensation.

Effective October 1, 2006, earnable compensation shall mean a member's total remuneration, exclusive of overtime pay.

5. Final Monthly Compensation (FMC)

The monthly Basic Compensation of a member over the three (3) years which produce the highest average.

6. Employee Contributions

8.4% of their Basic Compensation to the plan, starting on their eligibility dates and continuing to their date of retirement, disability, termination or death, whichever comes first.

D

TABLE II
(continued two)

7. Normal Retirement

Normal Retirement Date is the first day of the month which falls on, or next follows, the earlier of the date on which a member attains 20 years of Credited Service, or the date on which a member attains age 55 and completes 10 years of Credited Service. The amount of normal retirement income is 3.0% times FMC multiplied by Credited Service for the first 10 years, 4.0% times FMC multiplied by Credited Service for the next 5 years, and 5.0% times FMC multiplied by Credited Service for the next 5 years, plus 2.0% times FMC for the 10 years of Credited Service thereafter, with a total maximum benefit accrual of 95% of FMC.

8. Early Retirement

Early Retirement Date is the first day of the month coincident with or next following a member's completion of 10 years of Credited Service.

The amount of early retirement income is 3.0% times FMC multiplied by Credited Service for the first 10 years, 4.0% times FMC multiplied by Credited Service for the next 5 years, and 5.0% times FMC multiplied by Credited Service for the next 5 years, plus 2.0% times FMC for the 10 years of Credited Service thereafter, with a total maximum accrual of 95% of FMC, reduced by 3.0% per year for commencement prior to Normal Retirement Date.

9. Benefits on Termination of Service

In the event of termination of service prior to Normal Retirement Date, for reasons other than death or disability, a monthly benefit will be payable, equal to Credited Service multiplied by 3.0% of FMC times Credited Service at that date for the first 10 years, 4.0% of FMC times Credited Service for the next 5 years, and 5.0% of FMC times Credited Service for the next 5 years, plus 2.0% of FMC for the next 10 years, with a total maximum accrual of 95% of FMC, multiplied by the percentage from the following schedule:

<u>Years of Credited Service</u>	<u>Vested Percentage</u>
0	0%
1	10%
2	20%
3	30%
4	40%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

D

TABLE II
(continued three)

10. Disability Retirement and Retirement Benefits

- a. Disability: Totally and permanently disabled meaning incapacity to perform regular duty as Firefighter (and completion of at least 10 years of Credited Service for non-service incurred disability).
- b. Benefit:
 - 1) Service Incurred: 66-2/3% of FMC in effect on date of disability. Benefit not less than greater of 42% of FMC or accrued benefit at date of disability after any applicable offsets described below.
 - 2) Non-Service Incurred: 2.0% of FMC multiplied by years of Credited Service but not more than 50% of FMC in effect on date of disability. Benefit not less than greater of 25% of FMC or accrued benefit at date of disability after any applicable offsets described below.

NOTE: Service and Non-Service incurred disability benefits are offset by Workers' Compensation entitlements resulting from disability, to the extent that the sum of the benefits under the Plan and Workers' Compensation exceed 100% of the employee's FMC.

11. Pre-Retirement Death Benefit:

- a. Service Incurred: To spouse, 50% of FMC until death or remarriage. To children, 5.0% of FMC until death, marriage or attainment of age 18 (age 22 if full-time student). Total monthly benefit not to exceed 60% of FMC. Upon death or remarriage of the spouse, the 5.0% benefit for each child increases to 10%, not to exceed 35% of FMC.
- b. Non-Service Incurred:
 - 1) Less than five (5) years of Credited Service, the designated beneficiary would receive a lump sum of \$2,500 or return of employee contributions with 6.0% interest, whichever is greater.
 - 2) Five (5) or more years of Credited Service, the designated beneficiary would receive a lump sum of \$2,500 plus, if married, the spouse would receive a monthly benefit equal to 50% of the accrued benefit as of participant's date of death, but not less than 20% of monthly earnings. To children of the deceased member, same benefits as are payable by service incurred death. Combined monthly benefit not to exceed 50% of FMC or 35% of FMC after the death or remarriage of spouse.

The minimum death benefit for a participant with at least 10 years of Credited Service shall equal the participant's accrued benefit payable at normal or Early Retirement Age.

D

TABLE II
(continued four)

12. Normal Form of Normal Retirement Income

If married, monthly benefit for life with benefit continuing to spouse for one (1) year and 60% of benefit payable to spouse thereafter.

For an unmarried participant, normal form of retirement income is a monthly benefit with 120 guaranteed payments.

13. Optional Forms of Retirement Income

The following optional forms of retirement income may be elected by a member at any time prior to actual retirement. This election revokes any prior election.

Option 1 - A retirement annuity of different monthly amount, payable to the member during the joint lifetime of the member and a joint pensioner designated by the member, and following the death of either of them, 50%, 66-2/3%, 75% or 100% depending on the retiree's election, of such different monthly amount payable to the survivor for the lifetime of the survivor. This option shall be null and void if the designated beneficiary dies before the member's retirement.

Option 2 - An annuity payable to the member for 10 years certain and life thereafter.

Option 3 - Any other form, excluding lump sum, approved by the Board.

14. Cost of Living Adjustment (COLA) Benefits to Retirees and Beneficiaries

A Cost of Living Adjustment (COLA) Reserve Fund had been established since the October 1, 1982 through September 30, 1983 plan year.

For plan years beginning with the 1993/94 plan year, COLA benefits were to be awarded if the plan experienced an actuarial gain for the prior plan year. Fifty percent (50%) of the actuarial gain, if any, is credited to the COLA Reserve Fund. The COLA benefit, if awarded, is paid in the form of a 13th monthly pension payment to each retiree or beneficiary. The payment, since the 2000 plan year, is equal to 5.0% of the annual retirement benefit multiplied by the number of years that the participant has been retired up to a maximum of 10 years, resulting in a maximum benefit equal to 50% of the participant's annual pension payment. If the plan did not experience an actuarial gain, but there was positive market value return on assets for the prior plan year, a 13th monthly pension payment would be payable to each retiree or beneficiary, with the amount equal to the regular pension payment.

TABLE II
(continued five)

15. Deferred Retirement Option Plan (DROP)

A member can elect to enter the DROP is available by making an irrevocable election to participate any time after the completion of 20 years of Credited Service. The DROP has a five (5) year maximum participation period, after which the employee is deemed separated from the Town. The maximum number of years of DROP participation and Credited Service cannot exceed 30. If the employee dies or becomes disabled during the DROP period, the member will have presumed to have retired on a normal retirement on the day prior to disability or death.

16. Changes from Previous Valuation:

Previously, a member must make the election to participate in the DROP upon the completion of 20 years of Credited Service, with a maximum participation period of five (5) years.

Table III

TOWN OF DAVIE FIREFIGHTERS' PENSION PLAN**Actuarial Assumptions and Actuarial Cost Methods**1. Mortality:

For healthy participants, the 1983 Group Annuity Mortality Table was used with separate rates for males and females.

For disabled participants, the 1985 Pension Disability Table was used with separate rates for males and females.

50% of all pre-retirement deaths are assumed to be duty related.

2. Interest to be Earned by Fund:

8.5%, compounded annually.

3. Allowances for Expenses or Contingencies:

Actual expenses paid during previous year.

4. Employee Withdrawal Rates:

Withdrawal rates were used in accordance with tables per the following illustrative example:

<u>Age</u>	<u>Withdrawal Rates Per 100 Employees</u>	
	<u>Male</u>	<u>Female</u>
20	3.0	3.0
25	2.8	2.8
30	2.5	2.5
35	1.9	1.9
40	1.3	1.3
45	0.8	0.8
50	0.4	0.4
55	0.2	0.2
60	0.1	0.1
65 & over	0.0	0.0

Table III
(continued two)

5. Disability Rates:

The 1985 Disability Study - Class 1 with separate male and female rates were used. 80% of disabilities assumed to be service incurred, 20% assumed to be non-service incurred.

6. Salary Increase Factors:

Current salaries were assumed to increase at a rate of 6.5% per year until retirement.

7. Rates of Retirement:

The following are the retirement rates assumed for the participants eligible for retirement:

Participants with 20 or more years of Credited Service		Participants who attained age 55 with 10 or more years of Credited Service
Years of Credited Service Completed	Percentage Retiring	
20	50%	100 % retiring upon eligibility
21	25%	
22	25%	
23	25%	
24	25%	
25 or more	100%	

8. Asset Valuation Method:

The actuarial value of assets is determined by phasing in the deviations between actual and expected return on assets at the rate of 25% per year. The resulting actuarial value of assets would then be adjusted, if necessary, to be within the corridor of 80% (lower end) to 120% (upper end) of market value of assets.

Table III
(continued three)

9. Actuarial Cost Method:

Normal Retirement, Termination, Disability and Pre-Retirement Death Benefits: Entry-Age-Actuarial Cost Method

Under this method the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from his date of hire to his retirement age to fund his estimated benefits, assuming the plan had always been in effect. The normal cost for the plan is the sum of the individual normal costs for all active participants. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the plan is the excess of the actuarial present value of estimated future benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over the actuarial value of assets of the plan.

The amortization bases would be funded by the excess of actual contributions over prior year's normal cost, adjusted with interest. For each existing base, the funding is done proportionally, determined based on the individual base's required amortization payment as a percentage of the overall total required total amortization payment for the prior year. New bases are then added to the total outstanding unfunded actuarial accrued liability as new layers.

10. Marriage Assumptions:

100% of active participants were assumed married, with husbands three (3) years older than wives.

11. Changes from Most Recent Actuarial Valuation:

The prior retirement age assumption was 100% retirement upon the earlier of completion of 20 years of Credited Service or attainment of age 55 and completion of 10 years of Credited Service. The current retirement age assumption has a 50% retirement rate upon completion of 20 years of Credited Service, with a 25% retirement rate after the completion of 21 – 24 years of Credited Service each, and 100% after the completion of 25 years of Credited Service. The change is implemented to reflect the extended DROP entry window allowed under the proposed amendment.

From: [Glenn Thomas](#)
To: Raquel_Gray@davie-fl.gov
Subject: RE: Fire Ordinance.pdf - Adobe Acrobat Standard
Date: 09/09/2009 10:53 AM

Raquel,

The ordinance language is appropriate. Currently, DROP participation is reduced by one month for every month a member delays entry into DROP after completion of 20 years of service. After implementation of the revisions in this ordinance, DROP participation will be reduced by one month for every month a member delays entry into DROP after completion of 25 years of service. If this was the City's intent, the ordinance correctly implements that intent. The actuarial impact statement correctly states the purpose of the ordinance and correctly points out that the revisions will result in delayed DROP participation. If you have any additional questions, please feel free to contact me.

--Glenn Thomas

From: Raquel_Gray@davie-fl.gov [mailto:Raquel_Gray@davie-fl.gov]
Sent: Wednesday, September 02, 2009 2:10 PM
To: Glenn Thomas
Subject: Fire Ordinance.pdf - Adobe Acrobat Standard

Goodafternoon Mr. Thomas,

Attached please find a proposed ordinance for the fire pension. Please provide this office your opinion. Thank you.

Raquel B. Gray
Administrative Aide
Town of Davie
Budget and Finance Department
(954) 797-1050
(954) 797-1049 Fax
Raquel_Gray@davie-fl.gov

CONFIDENTIALITY NOTICE: This e-mail communication and any attachments may contain confidential and privileged information for the sole use of the designated recipients named above. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the

sender by reply e-mail and destroy all copies of the original message.